Naledi Local Municipality

(Municipal code NW392)
Annual Financial Statements
for the year ended 30 June 2010

General Information

Legal form of entity	Local municipality
Nature of business and principal activities	Local municipal functions as set out in the Constitution of South Africa (Act No. 105 of 1996)
Mayoral committee	
Mayor	Mayor R S Mompati
	Councillor M W Beng (MMC)
	Councillor B T Moabi (MMC)
	Councillor D R van Tonder (MMC)
Councillors	Councillor B B Fuleni (Speaker)
	Councillor E K Moroka (Chief Whip)
	Councillor J A Adonis
	Councillor O K Bareki
	Councillor K L Bome
	Councillor P H du Plessis
	Councillor B M Kegakilwe
	Councillor A Lekgetho
	Councillor O D Mathibe
	Councillor T G Moruri
	Councillor L E Sedumedi
	Councillor K L Sereisho
	Councillor M F Tinyane
	Councillor H L Pretorius
Grading of local authority	Grade 3
Accounting Officer	Mr. G.C Mthimunye
Chief Finance Officer (CFO)	Ms. O.L Ndlovu
Business address	19A Civic Center Market Street Vryburg 8600
Postal address	PO Box 35 Vryburg 8601
Auditors	The Auditor General of South Africa
Attorneys	Du Plessis & Viviers Attorneys PO Box 2010 Vryburg 8600

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council

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MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
NLM	Naledi Local Municipality

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 50, which have been prepared on the going concern basis, were approved by the accounting officer on 16 May 2011 and were signed on its behalf by:

George Mthimunye
Accounting Officer

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2010.

1. Review of activities

Main business and operations

The municipality is engaged in local municipal functions as set out in the constitution of South Africa (act no. 105 of 1996) and operates principally in South Africa.

The operating results for the year were satisfactory. This is despite the fact that municipality had a net deficit of R34 342 356 (2009: R21 369 425), which marginally decreased from the prior year.

2. Going concern

We draw attention to the fact that at 30 June 2010, the municipality had accumulated deficits of R (32 754 452). We refer you to note 39 for more information.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any significant matters or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with the GRAP Framework, including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed GRAP Framework issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at council meetings and monitor the municipality's compliance with the code on a regular basis.

Management meetings

The accounting officer has held several management meetings during the financial year. The accounting officer schedules to meet at least 12 times per annum.

Internal audit

The municipality has a shared internal audit function with the district municipality. This is in compliance with the Municipal Finance Management Act, 2003.

6. Auditors

The Auditor General of South Africa will continue to act as the municipality's auditors, as required by the constitution and MFMA.

Statement of Financial Position

	Note(s)	2010 R	2009 R
Assets			
Current Assets			
Inventories	7	306 360	-
Trade and other receivables from exchange transactions	8	3 228 882	3 211 912
VAT receivable	9	9 159 810	3 421 799
Consumer debtors	10	35 271 749	24 129 613
Money Market Investments		5 300 316	605 998
Cash and cash equivalents	11	9 937	9 937
		53 277 054	**31 379 259**
Non-Current Assets			
Biological assets	2	4 080 322	2 984 896
Investment property	3	3 116 268	3 116 268
Property, plant and equipment	4	168 253 979	135 324 492
Intangible assets	5	266 575	316 300
		175 717 144	**141 741 956**
Total Assets		**228 994 198**	**173 121 215**
Liabilities			
Current Liabilities			
Other Interest Bearing liabilities	15	48 033 403	38 849 523
Finance lease obligation	16	710 273	913 499
Trade and other payables from exchange transactions	19	87 423 042	79 517 359
Consumer deposits	20	3 100 263	2 955 650
Unspent conditional grants (receipts)	17	6 610 594	1 099 146
Provisions	18	607 494	1 816 048
Bank overdraft	11	3 334 741	7 104 875
		149 819 810	**132 256 100**
Non-Current Liabilities			
Other Interest Bearing liabilities	15	16 539 468	19 718 149
Finance lease obligation	16	367 478	1 077 750
		16 906 946	**20 795 899**
Total Liabilities		**166 726 756**	**153 051 999**
Net Assets		**62 267 442**	**20 069 216**
Net Assets			
Reserves			
Housing Development Fund	12&12	1 720 256	(3 052 352)
Government grant reserve	13&13	93 075 918	58 042 424
Donations and public contributions	14&14	225 720	-
Accumulated surplus		(32 754 452)	(34 920 856)
Total Net Assets		**62 267 442**	**20 069 216**

Statement of Financial Performance

	Note(s)	2010 R	2009 R
Revenue			
Rendering of services	21	376 243	625 520
Property rates		23 087 093	17 825 828
Service charges	22	92 367 605	84 639 692
Rental of facilities and equipment	21	784 220	863 339
Interest received (consumer debtors)		7 450 369	3 861 227
Income from agency services	21	99 887	61 541
Fines	21	578 029	627 136
Licences and permits	21	1 498 343	1 048 518
Government grants & subsidies	23	61 706 570	70 666 859
Land sales		92 059	832 692
Miscellaneous other revenue	21	1 018 181	375 549
Fees earned		19 477	13 961
Commissions received		295 814	489 193
Fair value adjustments (Biological assets)		1 095 426	-
Entrance fees		50 403	53 679
Other income		226 607	357 638
Interest received - investment	28	62 344	42 317
Total Revenue		**190 808 670**	**182 384 689**
Expenditure			
Personnel	26	(65 660 335)	(47 412 640)
Remuneration of councillors	27	(3 707 960)	(2 949 702)
Depreciation and amortisation	29	(8 881 550)	(8 505 900)
Finance costs	30	(9 651 789)	(8 393 292)
Debt impairment		(69 126 391)	(51 777 480)
Repairs and maintenance		(5 915 227)	(6 757 946)
Bulk purchases	33	(34 566 552)	(21 015 786)
General Expenses	25	(27 641 522)	(14 202 518)
Total Expenditure		**(225 151 326)**	**(161 015 264)**
Gain on disposal of assets and liabilities		300	-
(Deficit) surplus for the year		**(34 342 356)**	**21 369 425**

Naledi Local Municipality

(Municipal Code NW392)
Annual Financial Statements for the year ended 30 June 2010

Statement of Changes in Net Assets

	IMFO Reserves	Statutory Funds	Housing Development Fund	Government grant reserve	Donations and public contributions	Total reserves	Accumulated surplus	Total net assets
	R	R	R	R	R	R	R	R
Balance at 01 July 2008	**138 297 632**	**29 770 852**	**-**	**-**	**-**	**168 068 484**	**(11 385 939)**	**156 682 545**
Changes in net assets								
Surplus for the year	-	-	-	-	-	-	21 369 425	21 369 425
Additions/Receipts	9 814 096	724 866	53 541 000	-	-	64 079 962	-	64 079 962
Disposals/Payments	(1 794 506)	-	(56 593 352)	-	-	(58 387 858)	-	(58 387 858)
Adjustments	56 593 352	-	-	-	-	56 593 352	-	56 593 352
Transfers	(202 910 574)	(30 495 718)	-	58 042 424	-	(175 363 868)	175 363 868	-
Net prior year adjustment	-	-	-	-	-	-	(220 268 210)	(220 268 210)
Total changes	(138 297 632)	(29 770 852)	(3 052 352)	58 042 424	-	(113 078 412)	(23 534 917)	(136 613 329)
Balance at 01 July 2009	**-**	**-**	**(3 052 352)**	**58 042 424**	**-**	**54 990 072**	**(34 920 856)**	**20 069 216**
Changes in net assets								
Surplus for the year	-	-	-	-	-	-	(34 342 356)	(34 342 356)
Additions	-	-	-	35 081 797	237 600	35 319 397	(35 319 397)	-
Receipts	-	-	27 869 756	-	-	27 869 756	-	27 869 756
Payments	-	-	(23 097 148)	-	-	(23 097 148)	-	(23 097 148)
Prior Year Adjustment (Note	-	-	-	-	-	-	71 767 974	71 767 974
Depreciation	-	-	-	(48 303)	(11 880)	(60 183)	60 183	-
Total changes	-	-	4 772 608	35 033 494	225 720	40 031 822	2 166 404	42 198 226
Balance at 30 June 2010	**-**	**-**	**1 720 256**	**93 075 918**	**225 720**	**95 021 894**	**(32 754 452)**	**62 267 442**
Note(s)			12	13	14			

Cash flow statement

	Note(s)	2010 R	2009 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		87 320 373	72 204 508
Interest income		62 344	2 415
Government grants		61 706 570	70 666 859
Other cash item		12 489 632	9 249 895
		161 578 919	152 123 677
Payments			
Employee costs		(69 368 295)	(50 362 342)
Finance costs		(9 651 789)	(8 393 292)
Other cash item		(49 414 195)	(21 369 348)
		(128 434 279)	(80 124 982)
Net cash flows from operating activities	34	**33 144 640**	**71 998 695**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(34 634 838)	(60 421 834)
Purchase of other intangible assets	5	(24 811)	(297 263)
Proceeds from sale of biological assets	2	193 142	-
Sale of assets and liabilities		300	-
Proceeds from sale of other asset		-	1 613 856
Net cash flows from investing activities		**(34 466 207)**	**(59 105 241)**
Cash flows from financing activities			
Repayment of other interest bearing liabilities		6 005 199	(17 911 553)
Finance lease payments		(913 498)	1 991 249
Net cash flows from financing activities		**5 091 701**	**(15 920 304)**
Net increase/(decrease) in cash and cash equivalents		**3 770 134**	**(3 026 850)**
Cash and cash equivalents at the beginning of the year		(7 094 938)	(4 068 088)
Cash and cash equivalents at the end of the year	11	**(3 324 804)**	**(7 094 938)**

Accounting Policies

1. Presentation of Annual Financial Statements

These audited annual financial statements have been prepared in accordance with the effective GRAP Framework which includes any interpretations, guidelines and directives issued by the Accounting Standards Board.

The audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next twelve months and are presented in South African Rand.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards:

The provisions of GRAP 23 -Revenue from Non-exchange Transactions (Taxes and Transfers) relating to transfers and subsidies received were adopted in accordance with the allowance made by GRAP 3 -Accounting Policies, Changes in Accounting Estimates and Errors, paragraphs 7 and 11.

The standards became effective for implementation in financial periods begining on or after 1 April 2009, with the exception of GRAP 23 which was approved by the Accounting Standards Board but not yet effective as at 30 June 2010. Adoption of the standards has had no material impact on the current and future reporting periods.

1.1 Presentation of currency

These annual financial statements are presented in South African Rand.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements.

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors like economic factors, such as inflation interest.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality engages actuarialists to determines the appropriate assumptions to use in the determination of the present value of its obligation and the fair value of its assets at the end of each year.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition. Thus, the amount is equivalent to the amount that the municipality is not likely to receive, at balance sheet date, based on the debtors'balance as at that date.

1.3 Biological assets

The Municipality entity recognises a biological assets when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less point-of-sale costs. The fair value of game is determined based on market prices of game of similar age, breed and generic merit.

The estimated quantity of game is counted by qualified proffesionals and is done around February of each year. Any significant movements after stock count date are taken into account in the year-end estimated quantities. Increase/decrease on valuation is recognised in the income statement as fair value adjustment.

Game has been disclosed in terms of municipal specific accounting policy, based on industrial practices, in which cases it was reviewed by National Treasury and found to be adequate for implementation. This policy may be used by the municipality until an alternative standard is available. This specific policy deviates from GRAP 101. Management believes this represents a more correct presentation of fair value of the Game as this standard does not make provision for animals used primarily for non-productive purposes such as recreational parks or game farms, as these fall outside the scope of this standard, GRAP 101.10. However, should compliance to GRAP 101 have been effected, this would have resulted in either a surplus or a deficit in the statement of financial performance, dependent on whether the value of Game increased or decreased over the financial period.

A gain or loss arising on initial recognition of biological assets or agricultural produce at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological assets is included in surplus or deficit for the period in which it arises.

Transitional provision

1.3 Biological assets (continued)

The municipality changed its accounting policy for biological assets and/or agricultural produce in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to recognise or measure biological assets and/or agricultural produce for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Agriculture. Biological assets and/or agricultural produce has accordingly been recognised at provisional amounts, as disclosed in 2. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where biological assets and/or agricultural produce was acquired through a transfer of functions, the municipality is not required to measure that biological assets and/or agricultural produce for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and biological assets and/or agricultural produce has accordingly been recognised at provisional amounts, as disclosed in 2.

Until such time as the measurement period expires and biological assets and/or agricultural produce is recognised and measured in accordance with the requirements of the Standard of GRAP on Biological assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Agriculture implies that any associated presentation and disclosure requirements need not be complied with for biological assets and/or agricultural produce not measured in accordance with the requirements of the Standard of GRAP on Agriculture.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the provision of services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Infrastructure	
• Roads and paving	10 - 30
• Electricity	10 - 30

Accounting Policies

1.4 Property, plant and equipment (continued)

• Water	15 - 20
• Sewerage	15 - 20
• Landfill site	17
• Pedestrian Malls	20
Community	
• Buildings	30
• Recreational Facilities	20
• Security	3 - 5
Other	
• Buildings	30
• Specialist vehicles	10
• Other vehicles	5
• Furniture and fittings	7 - 10
• Vehicles	3 - 20
• Bins and containers	5 - 10
• Office equipment	3-5
• Emergency Equipment	5 - 15
• Plant & Machinery	5 - 15
• Airports	15 - 20
• Gas	20
Heritage	
• Museums & other collectables	indefinite

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Transitional provision

The municipality changed its accounting policy for property, plant and equipment in 2007. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 4. The transitional provision expires on 30 June 2011.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2003 and property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in note 4.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the standard of GRAP on Property, plant and equipment.

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

Transitional provision

According to the transitional provision as per Directive 4, the municipality is not required to measure investment property for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Investment property. Investment property has accordingly been recognised at provisional amounts, as disclosed in 3. The transitional provision expires on 30 June 2012.

Until such time as the measurement period expires and investment property is recognised and measured in accordance with the requirements of the Standard of GRAP on Investment property, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property not measured in accordance with the requirements of the Standard of GRAP on Investment property.

1.6 Intangible assets

Intangible assets are initially recognised at cost.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

Transitional provision

The municipality changed its accounting policy for intangible assets in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible assets. Intangible Assets has accordingly been recognised at provisional amounts, as disclosed in 5. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where intangible assets was acquired through a transfer of functions, the municipality is not required to measure that intangible assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and intangible assets has accordingly been recognised at provisional amounts, as disclosed in 5.

Until such time as the measurement period expires and intangible assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:
- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Intangible assets implies that any associated presentation and disclosure requirements need not be complied with for intangible assets not measured in accordance with the requirements of the Standard of GRAP on Intangible assets.

1.7 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between

1.7 Impairment of cash-generating assets (continued)

knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Reversal of impairment loss

1.7 Impairment of cash-generating assets (continued)

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.8 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

1.8 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Loans to directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Amortised cost referres to the initial carrying amount, plus interest, less repayments and impairments. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the

Accounting Policies

1.8 Financial instruments (continued)
impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

Accounting Policies

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories also includes the portion of game held for hunting during the next finacial period, valued at their fair value less estimated point of sale costs of Game held for hunting during the next financial period. As a minimum, it is assumed that trophies not sold by the end of the year will be sold during the ensuing financial period.

Transitional provision

The municipality changed its accounting policy for inventories in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure inventories for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Inventories. Inventories has accordingly been recognised at provisional amounts, as disclosed in 7. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where inventories was acquired through a transfer of functions, the municipality is not required to measure that inventories for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and inventories has accordingly been recognised at provisional amounts, as disclosed in 7.

Until such time as the measurement period expires and inventories is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:
- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Inventories implies that any associated presentation and disclosure requirements need not be complied with for inventories not measured in accordance with the requirements of the Standard of GRAP on Inventories.

1.10 Borrowing costs

Borrowing costs for qualifying assets are capitalised unless there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Any other borrowing costs are recognised as an expense in the period in which they are incurred.

1.11 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

1.11 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

Transitional provision

The municipality changed its accounting policy for provisions, contingent liabilities and contingent assets in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where provisions, contingent liabilities and contingent assets was acquired through a transfer of functions, the municipality is not required to measure that provisions, contingent liabilities and contingent assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and provisions, contingent liabilities and contingent assets has accordingly been recognised at provisional amounts, as disclosed in 18.

Until such time as the measurement period expires and provisions, contingent liabilities and contingent assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets implies that any associated presentation and disclosure requirements need not be complied with for provisions, contingent liabilities and contingent assets not measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets.

Accounting Policies

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Other post retirement obligations

The municipality provides post-retirement health care benefits and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.13 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.14 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - the municipality as lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

Accounting Policies

1.14 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.15 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.16 Revenue from exchange transactions (continued)

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

1.16 Revenue from exchange transactions (continued)

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.17 Revenue from non-exchange transactions

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Fines and recovery of irregular, fruitless and wasteful expenditure

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

1.18 Unauthorised expenditure (continued)

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Where unauthorised expenditure is not approved, it is recovered from the responsible person and the amount received is accounted for as revenue in the Statement of Financial Performance.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Muncipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as a current asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.22 Use of estimates

The preparation of audited annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the audited annual financial statements are disclosed in the relevant sections of the audited annual financial statements. Although these estimates are based on management’s best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.23 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of

1.24 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.25 Internal reserves

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated

1.25 Internal reserves (continued)

surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

Donations and public contributions reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

Self insurance reserve

The municipality receives funds funds from the Department of Local Government and traditional Affairs fro various housing projects. When the money is received, it is credited into this account and on payment the account is debited. The rem.

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

The municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

Premiums are calculated on past claims experienced and are charged to the various Clusters.

The balance of the self-insurance fund is fully cash backed and is invested in fixed and negotiable deposits.

Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is 0.75% of the salary expense. The municipality is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the municipality, the municipality uses the Workmans'Compensations Funds.

1.26 Presentation of Budget Information

Budgets are not prepared on a comparable basis. The reconciliation of budget and actual amounts, as required by the directive

Accounting Policies

1.26 Presentation of Budget Information (continued)
from ASB, are disclosed in the notes.

Notes to the Annual Financial Statements

	2010 R	2009 R

2. Biological assets

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Blesbuck	63 900	-	63 900	64 000	-	64 000
Gemsbucks	440 425	-	440 425	312 700	-	312 700
Red Hartebeest	332 500	-	332 500	387 000	-	387 000
Blue Wilderbeest	122 580	-	122 580	137 740	-	137 740
Impala	67 718	-	67 718	72 816	-	72 816
Buffalos	1 128 000	-	1 128 000	107 200	-	107 200
Eland	269 399	-	269 399	130 356	-	130 356
Waterbuck	85 000	-	85 000	109 250	-	109 250
Rhinocerus	1 503 000	-	1 503 000	1 580 000	-	1 580 000
Springbucks	59 800	-	59 800	62 934	-	62 934
Ostrich	7 000	-	7 000	20 900	-	20 900
Duiker	1 000	-	1 000	-	-	-
Total	**4 080 322**	**-**	**4 080 322**	**2 984 896**	**-**	**2 984 896**

Reconciliation of biological assets - 2010

	Opening balance	Additions	Disposals	Total
Blesbuck	64 000	-	(100)	63 900
Gemsbuck	312 700	127 725	-	440 425
Red Hartebeest	387 000	-	(54 500)	332 500
Blue Wilderbeest	137 740	-	(15 160)	122 580
Impala	72 816	-	(5 098)	67 718
Buffalos	107 200	1 020 800	-	1 128 000
Eland	130 356	139 043	-	269 399
Waterbucks	109 250	-	(24 250)	85 000
Rhinocerus	1 580 000	-	(77 000)	1 503 000
Springbuck	62 934	-	(3 134)	59 800
Ostrich	20 900	-	(13 900)	7 000
Duiker	-	1 000	-	1 000
	2 984 896	**1 288 568**	**(193 142)**	**4 080 322**

Reconciliation of biological assets - 2009

	Opening balance	Additions	Total
Blesbuck	-	64 000	64 000
Gemsbuck	-	312 700	312 700
Red Hartebeest	-	387 000	387 000
Blue Wilderbeests	-	137 740	137 740
Impala	-	72 816	72 816
Buffalos	-	107 200	107 200
Eland	-	130 356	130 356
Waterbuck	-	109 250	109 250
Rhinocerus	-	1 580 000	1 580 000
Springbuck	-	62 934	62 934
Ostrich	-	20 900	20 900
	-	**2 984 896**	**2 984 896**

Non - Financial information

Notes to the Annual Financial Statements

	2010 R	2009 R

2. Biological assets (continued)

Quantities of each biological asset

	2010	2009
Blesbucks	60	64
Gemsbucks	79	59
Red Hartebeests	70	86
Blue Wilderbeests	60	71
Impala	98	111
Buffalos	8	8
Eland	53	27
Waterbuck	17	23
Rhinocerus	9	10
Springbucks	92	102
Ostrich	7	22
Duiker	2	2
	555	**585**

Transitional provisions

Biological assets and/or agricultural produce recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, biological assets as disclosed in note can be recognised at provisional amounts. As at 30 June 2010, there are no biological assets recognised at provisional amounts.

3. Investment property

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	3 116 268	-	3 116 268	3 116 268	-	3 116 268

Reconciliation of investment property - 2010

	Opening balance	Total
Investment property	3 116 268	3 116 268

Reconciliation of investment property - 2009

	Opening balance	Total
Investment property	3 116 268	3 116 268

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Transitional provisions

Investment property recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note , investment property with a carrying value of R - (2009: R 131 261) was recognised at provisional amounts.

4. Property, plant and equipment

Notes to the Annual Financial Statements

	2010	2009
	R	R

4. Property, plant and equipment (continued)

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	2 141 801	-	2 141 801	2 141 801	-	2 141 801
Buildings	36 045 774	(16 352 028)	19 693 746	34 451 895	(15 598 731)	18 853 164
Infrastructure	126 895 284	(75 075 230)	51 820 054	118 061 861	(69 997 708)	48 064 153
Community	3 418 415	(2 199 344)	1 219 071	3 418 415	(2 101 591)	1 316 824
Capital work in progress	85 049 061	-	85 049 061	56 593 352	-	56 593 352
Other	24 077 274	(15 747 028)	8 330 246	21 137 785	(12 782 587)	8 355 198
Total	**277 627 609**	**(109 373 630)**	**168 253 979**	**235 805 109**	**(100 480 617)**	**135 324 492**

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Depreciation	Total
Land	2 141 801	-	-	2 141 801
Buildings	18 853 164	1 593 880	(753 298)	19 693 746
Infrastructure	48 064 153	8 833 422	(5 077 521)	51 820 054
Community	1 316 824	-	(97 753)	1 219 071
Capital work in progress	56 593 352	28 455 709	-	85 049 061
Other	8 355 198	2 939 488	(2 964 440)	8 330 246
	135 324 492	**41 822 499**	**(8 893 012)**	**168 253 979**

Reconciliation of property, plant and equipment - 2009

	Opening balance	Additions	Depreciation	Total
Land	2 141 801	-	-	2 141 801
Buildings	18 671 063	906 100	(723 999)	18 853 164
Infrastructure	51 358 201	1 811 043	(5 105 091)	48 064 153
Community	1 414 577	-	(97 753)	1 316 824
Capital work in progress	-	56 593 352	-	56 593 352
Other	9 809 761	1 111 339	(2 565 902)	8 355 198
	83 395 403	**60 421 834**	**(8 492 745)**	**135 324 492**

Transitional provisions

Property, plant and equipment recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note , property, plant and equipment indicated below is carried at provisional amounts:

Due to initial adoption of GRAP 17

	2010	2009
Property, plant and equipment	228 470 669	262 249 146
Land (component of buildings)	1	1
Inventory Assets	323 181	-

Steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the initial adoption of GRAP 17, is to appoint a service provider to do the valuation and unbundling of all assets in due course. Engagements will be done with the relevant stakeholders like the district municpality, Provincial Department of Treasury, CoGTA and DBSA for both financial and human capital assistance.

4. Property, plant and equipment (continued)

This process will be commenced and completed before the expiration of the Directive.]

The date at which full compliance with GRAP 17 is expected, is 30 June 2012.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. Intangible assets

	2010			2009		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	517 660	(251 085)	266 575	492 848	(176 548)	316 300

Reconciliation of intangible assets - 2010

	Opening balance	Additions	Amortisation	Total
Computer software	316 300	24 811	(74 536)	266 575

Reconciliation of intangible assets - 2009

	Opening balance	Additions	Amortisation	Total
Computer software, other	32 192	297 263	(13 155)	316 300

Transitional provisions

Intangible assets recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note , certain intangible assets with a carrying value of R - (2009: R -) was recognised at provisional amounts. Carrying amounts of intangible assets carried at provisional amounts are as follows:

Due to initial adoption of GRAP 102

Steps taken to establish the values of intangible assets recognised at provisional amounts due to the initial adoption of GRAP 102, is as follows:

Provisional amounts retrospectively adjusted during the year, are as follows (refer to note for effect on the annual financial statements:

The date at which full compliance with GRAP 102 is expected, is 30 June 2012.

6. Retirement benefits

Defined benefit plan

The municipality does not have a defined benefit plan. All employees contribute to the defined contribution fund as described below.

Post retirement medical aid plan

The municipality operates an optional post retirement medical aid plan. The main terms of the plan are that the official should reach retirement age whilst working for the municipality, upon which s/he can retire. After retirement, the former employee pays

Notes to the Annual Financial Statements

	2010 R	2009 R

6. Retirement benefits (continued)

a portion of the medical aid contribution (currently 1/3 of the monthly contribution) and the municpality pays the balance. The former employee pays such amounts to the municipality, which in turn pays the full contribution to the medical aid scheme.

As at 30 June 2010, the municpality's obligation had not yet been valued by an independent acturialist. This will be done in the ensuing period. As such no obligation or provision has been made in the financial statements.

7. Inventories

Game animals for sale (transfer from Non-current Assets)	206 154	-
Water	100 206	-
	306 360	**-**

7.1 Non - Financial information - Quantities of each agricultural produce

Blesbuck	10	-
Gemsbuck	5	-
Red Hartebeest	18	-
Blue Wilderbeest	12	-
Impala	33	-
Springbruck	27	-
Eland	2	-
Waterbuck	6	-
	113	**-**

Carrying value of inventories carried at fair value less costs to sell	206 154	-

Transitional provisions

Inventories recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, on initial adoption of GRAP 101, game animals (biological assets) is not required to be restated. This has been adopted indirectly for inventories, as disclosed in the accounting policies. Further, land held for undetermined purposes has been recognised at provisional amounts. These will be valued in future so as to determine tha correct values. The exrcise will be undertaken together with the asset management exercise as indicated under property, plant and equipment note.

8. Trade and other receivables from exchange transactions

Deposits	140 000	130 000
Sundry debtors	3 630 320	3 092 269
Provision for bad debts (Other debtors)	(541 438)	(10 357)
	3 228 882	**3 211 912**

Trade and other receivables impaired

As of 30 June 2010, trade and other receivables of R 541 438 (2009: R 10 357) were impaired and provided for in full.

Notes to the Annual Financial Statements

	2010 R	2009 R

9. VAT receivable

VAT	9 159 810	3 421 799

10. Consumer debtors

	2010 R	2009 R
Gross balances		
Rates	19 988 324	12 089 233
Electricity	20 546 307	61 275 648
Water	19 833 190	-
Sewerage	17 965 575	-
Refuse	17 872 680	-
Other	5 293 130	-
	101 499 206	**73 364 881**
Less: Provision for debt impairment		
Rates	(12 297 060)	(8 108 101)
Electricity	(10 913 889)	(41 127 167)
Water	(13 200 294)	-
Sewerage	(12 994 564)	-
Refuse	(12 790 164)	-
Other	(4 031 486)	-
	(66 227 457)	**(49 235 268)**
Net balance		
Rates	7 691 264	3 981 132
Electricity	9 632 418	20 148 481
Water	6 632 896	-
Sewerage	4 971 011	-
Refuse	5 082 516	-
Other	1 261 644	-
	35 271 749	**24 129 613**
Rates		
Current (0 -30 days)	2 467 314	-
31 - 60 days	1 215 258	-
61 - 90 days	812 458	-
91 - 120 days	533 330	-
>121 days	2 662 904	3 981 132
	7 691 264	**3 981 132**
Electricity		
Current (0 -30 days)	3 906 729	-
31 - 60 days	2 188 810	-
61 - 90 days	825 823	-
91 - 120 days	411 235	-
>121 days	2 299 821	20 148 481
	9 632 418	**20 148 481**
Water		
Current (0 -30 days)	2 063 740	-
31 - 60 days	751 828	-
61 - 90 days	459 990	-
91 - 120 days	289 470	-

Notes to the Annual Financial Statements

	2010 R	2009 R
10. Consumer debtors (continued)		
>121 days	3 067 868	-
	6 632 896	**-**
Sewerage		
Current (0 -30 days)	868 026	-
31 - 60 days	497 090	-
61 - 90 days	319 037	-
91 - 120 days	195 934	-
>121 days	3 090 924	-
	4 971 011	**-**
Refuse		
Current (0 -30 days)	960 930	-
31 - 60 days	539 725	-
61 - 90 days	342 323	-
91 - 120 days	212 452	-
>121 days	3 027 086	-
	5 082 516	**-**
Other		
Current (0 -30 days)	124 222	-
31 - 60 days	66 506	-
61 - 90 days	56 967	-
91 - 120 days	31 567	-
>121 days	982 382	-
	1 261 644	**-**
Reconciliation of debt impairment provision		
Balance at beginning of the year	(49 235 268)	-
Contributions to provision	(16 992 189)	(49 235 268)
	(66 227 457)	**(49 235 268)**

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2010, R 18 560 882 (2009: R -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	6 743 150	-
2 months past due	6 699 746	-
3 months past due	5 117 986	-

Consumer debtors impaired

As of 30 June 2010, consumer debtors of R 82 938 324 (2009: R -) were impaired and provided for.

The amount of the provision was R 70 283 392 as of 30 June 2010 (2009: R 49 235 268).

The ageing of these loans is as follows:

3 to 6 months	11 183 513	-
Over 6 months	71 754 811	-

Notes to the Annual Financial Statements

	2010 R	2009 R

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	9 937	9 937
Bank overdraft	(3 334 741)	(7 104 875)
	(3 324 804)	**(7 094 938)**

Current assets	9 937	9 937
Current liabilities	(3 334 741)	(7 104 875)
	(3 324 804)	**(7 094 938)**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2010	30 June 2009		30 June 2010	30 June 2009	
Absa BANK - Account Type - Current Account	3 086 486	637 067	-	(3 334 741)	(7 104 874)	-
FNB BANK - Account Type - Current Account	4 196 139	734 538	-	-	-	-
Total	**7 282 625**	**1 371 605**	**-**	**(3 334 741)**	**(7 104 874)**	**-**

12. Housing Development Fund

Opening Balance	(3 052 352)	-
Receipts for the year	27 869 756	53 541 000
Expenditure to date (conditions met)	(23 097 148)	(56 593 352)
	1 720 256	**(3 052 352)**

13. Government grant reserve

Opening Balance	58 042 424	-
Asset Acquired	35 081 797	58 042 424
Depreciation	(48 303)	-
	93 075 918	**58 042 424**

14. Donations and public contributions

Assets Acquired	237 600	-
Depreciation	(11 880)	-
	225 720	**-**

15. Other Interest Bearing liabilities

Held at amortised cost

Interest Bearing Debt - Short Term Portion	48 033 403	38 849 523

Some of these loans are overdue as they have exceeded the repayment date. The maximum remaining repayment period of these loans is 20 years. The loans accrue interest at varying rates, ranging from 9.5% to 17%. However, with DBSA loans, the loan portion in arreas accrues interest at rate ranging between 9.5% and 18% per annum. The loan portion amounting to R341,691.67 (2009: R811,648) financed vehicles. The loan is therefore secured by the vehicles.

	2010 R	2009 R
15. Other Interest Bearing liabilities (continued)		
Interest Bearing Debt - Long Term Portion	16 539 468	19 718 149
Terms and conditions of these loan are as detailed above.		
	64 572 871	**58 567 672**
Non-current liabilities		
At amortised cost	16 539 468	19 718 149
Current liabilities		
At amortised cost	48 033 403	38 849 523
	64 572 871	**58 567 672**
Fair value of the financial liabilities carried at amortised cost		
Bank loans	64 914 561	59 379 319

16. Finance lease obligation

	2010 R	2009 R
Minimum lease payments due		
- within one year	796 551	1 062 054
- in second to fifth year inclusive	380 451	1 173 898
	1 177 002	2 235 952
less: future finance charges	(99 252)	(244 703)
Present value of minimum lease payments	**1 077 750**	**1 991 249**
Present value of minimum lease payments due		
- within one year	710 273	913 499
- in second to fifth year inclusive	367 478	1 077 750
	1 077 751	**1 991 249**
Non-current liabilities	367 478	1 077 750
Current liabilities	710 273	913 499
	1 077 751	**1 991 249**

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 15% (2009: 14%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments (subject to changes in the ledning rates) and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note .

Market risk

The carrying amounts of all the finance lease liabilities are denominated South African Rand.

For details of liquidity risk refer to note .

The fair value of finance lease liabilities approximates their carrying amounts.

17. Unspent conditional grants (receipts)

Movement during the year

Notes to the Annual Financial Statements

	2010 R	2009 R

17. Unspent conditional grants (receipts) (continued)

Balance at the beginning of the year	1 099 147	1 099 146
Additions during the year	24 348 909	-
Income recognition during the year	(18 837 462)	-
	6 610 594	**1 099 146**

See note for reconciliation and details/conditions of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

18. Provisions

Reconciliation of provisions - 2010

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	1 816 048	190 680	(1 399 234)	607 494

Reconciliation of provisions - 2009

	Opening Balance	Additions	Total
Environmental rehabilitation	-	1 816 048	1 816 048

The landfill site provision represents management's best estimate of the municipality's liability. The provision is based on a quotation provided under a competitive bid by reputable and experienced proffesionals in the field of rehabilitating dumping sites.

19. Trade and other payables from exchange transactions

Trade payables	50 655 540	33 248 394
Unallocated receipts	9 075 612	-
Accruals	22 364 459	43 518 304
Accrued leave pay	5 327 431	2 750 661
	87 423 042	**79 517 359**

20. Consumer deposits

Service charges	3 100 263	2 955 650

21. Revenue

Rendering of services	376 243	625 520
Property rates	23 087 093	17 825 828
Service charges	92 367 605	84 639 692
Rental of facilities & equipment	784 220	863 339
Income from agency services	99 887	61 541
Fines	578 029	627 136
Licences and permits	1 498 343	1 048 518
Government grants & subsidies	61 706 570	70 666 859
Land sales	92 059	832 692
Miscellaneous other revenue	1 018 181	375 549
	181 608 230	**177 566 674**

Notes to the Annual Financial Statements

	2010 R	2009 R
21. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rendering of services	376 243	625 520
Service charges	92 367 605	84 639 692
Rental of facilities & equipment	784 220	863 339
Income from agency services	99 887	61 541
Licences and permits	1 498 343	1 048 518
Land sales	92 059	832 692
Miscellaneous other revenue	1 018 181	375 549
	96 236 538	**88 446 851**

The amount included in revenue arising from non-exchange transactions is as follows:

	2010 R	2009 R
Property rates	23 087 093	17 825 828
Fines	578 029	627 136
Government grants & subsidies	61 706 570	70 666 859
	85 371 692	**89 119 823**

22. Service charges

	2010 R	2009 R
Sale of electricity	45 785 159	37 253 659
Sale of water	21 429 868	24 217 409
Sewerage and sanitation charges	12 156 011	11 268 539
Refuse removal	12 996 567	11 900 085
	92 367 605	**84 639 692**

Notes to the Annual Financial Statements

	2010 R	2009 R

23. Government grants and subsidies

Equitable share	19 322 870	12 838 507
Financial Management Grant (FMG)	745 451	500 000
Municipal Systems Infrastructure Grant (MSIG)	735 000	735 000
Intergrated National Electricty Programme (INEP)	4 476 862	-
Municpal Infrustructre Grant (MIG)	12 419 240	-
Department of Sports, Art and Culture	460 000	-
Housing Development Grant	23 097 147	56 593 352
L. G. Support Grant	450 000	-
	61 706 570	**70 666 859**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R 298 (2009: R 298), which is funded from the grant.

Municipal Sytems Improvement Grant (MSIG)

Current-year receipts	735 000	-
Conditions met - transferred to revenue	(735 000)	-
	-	**-**

The grant is mainly used to assist municipalities in building an in-house capacity to perform their function and stabilise institutional governance system, improve municpal audit outcomes, stregthen the ward participation system in local government and supporting implenetation of MPRA.

No grant was with held.

Integrated National electrification Programme (INEP)

Current-year receipts	10 000 000	-
Conditions met - transferred to revenue	(4 476 862)	-
Balance at the end of the year	(5 523 138)	-
	-	**-**

The main purpose of the grant is to reduce the backlog of unelectrified household and to fund bulky infrastructure to ensure constant supply of electricity. Conditions still to be met - remain liabilities (see note 17)

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming financial years.

24. Other revenue

Fees earned	19 477	13 961
Commissions received	295 814	489 193
Fair value adjustment (Biological Assets)	1 095 426	-
Other income 3	50 403	53 679
Other income	226 607	357 638
	1 687 727	**914 471**

Notes to the Annual Financial Statements

25. General expenses

	2010 R	2009 R
Advertising	3 227 245	1 087 924
Affiliation fees	227 917	103 337
Auditors remuneration	1 816 935	995 719
Bank charges	669 131	2 220
Valuation roll	1 318 714	1 838 487
Disaster Management	82 787	42 085
Chemicals	464 600	569 944
Civil entertainment	181 739	139 739
Computer expenses	227 934	153 422
Consulting and professional fees	8 119 668	305 459
Consumables	439 499	320 034
Indigent Subsidy	3 665 058	2 647 789
Debt collection	476 431	1 297 009
Donations	845	5 193
Electricity	220 502	171 035
Entertainment	110 793	144 295
Entertainment - Mayor/Speaker	8 616	17 735
Meter readings costs	235 038	258 102
Fleet	2 556	1 220
Estimated Cost to sell	22 906	-
Motor vehicle expenses	55 542	65 644
Insurance	528 513	24 333
Lease rentals on operating lease	964 467	142 557
Levies	-	314
Other expenses	175 427	84 212
Pensioners medical aid	19 802	244 327
Mayoral awards	48 080	16 079
Postage and courier	643 920	490 833
Printing and stationery	3 840	14 532
Protective clothing	158 721	189 837
Research and development costs	91 802	43 301
Royalties and license fees	12 344	17 406
Security (Guarding of municipal property)	286 474	612 517
Staff welfare	4 500	16 170
Telephone and fax	1 761 947	656 800
Training	325 804	403 096
Travel - local	441 993	636 986
Uniforms	133 446	201 926
Stipends: Ward Committee Members	465 986	240 900
	27 641 522	**14 202 518**

Notes to the Annual Financial Statements

	2010 R	2009 R

26. Employee related costs

13th Cheques	3 129 614	2 164 534
Basic	39 123 633	26 923 356
Bonus	21 489	-
Car allowance	2 390 622	2 080 345
Group life insurance	163 577	136 057
Housing subsidy & allowance	393 311	348 410
Industrial council contribution	12 772	11 238
Long-service awards	618 799	454 940
Medical aid - company contributions	3 354 695	2 961 641
Overtime payments	4 159 421	3 066 886
Post-employment benefits - Pension - Defined contribution plan	6 754 379	4 658 258
SDL	512 029	294 456
Standby allowance	-	502 466
Telephone allowance	67 897	30 670
Travel, motor car, accommodation, subsistence and other allowances	320 332	-
UIF	437 658	314 396
	61 460 228	**43 947 653**

Remuneration of municipal manager

Annual Remuneration	637 905	742 976
Allowance	262 465	-
Contributions to UIF, Medical and Pension Funds	2 876	-
Other	8 151	-
	911 397	**742 976**

Remuneration of chief finance officer

Annual Remuneration	207 868	-
Car Allowance	107 472	-
Contributions to UIF, Medical and Pension Funds	94 550	-
Other	2 827	-
	412 717	**-**

Remuneration of infrastructure & facilities manager

Annual Remuneration	431 057	713 699
Allowance	97 980	-
Contributions to UIF, Medical and Pension Funds	2 246	-
Other	4 957	-
	536 240	**713 699**

Remuneration of corporate services & administration manager

Annual Remuneration	488 915	686 312
Allowance	130 577	-
Contributions to UIF, Medical and Pension Funds	203 427	-
Other	6 444	-
	829 363	**686 312**

Remuneration of support services manager

Notes to the Annual Financial Statements

	2010 R	2009 R
26. Employee related costs (continued)		
Annual Remuneration	398 198	661 000
Allowance	193 272	-
Contributions to UIF, Medical and Pension Funds	158 153	-
Other	5 431	-
	755 054	**661 000**

remuneration for community services manager

	2010 R	2009 R
Annual Remuneration	442 390	661 000
Allowance	176 400	-
Contributions to UIF, Medical and Pension Funds	131 362	-
Other	5 184	-
	755 336	**661 000**

27. Remuneration of councillors

	2010 R	2009 R
Executive Major	572 498	289 444
Mayoral Committee Members	719 279	671 805
Speaker	255 846	238 199
Councillors	2 160 337	1 750 254
	3 707 960	**2 949 702**

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time employees. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has the use of a Council owned vehicle with one driver for official duties.

28. Investment revenue

	2010 R	2009 R
Interest revenue		
Bank	62 344	42 317

The amount included in Investment revenue arising from exchange transactions amounted to R 2 415.

29. Depreciation and amortisation

	2010 R	2009 R
Property, plant and equipment	8 881 550	8 505 900

30. Finance costs

	2010 R	2009 R
Non-current borrowings	2 081 072	463 671
Trade and other payables	1 251 104	-
Other interest paid	6 319 613	7 929 621
	9 651 789	**8 393 292**

31. Auditors' remuneration

	2010 R	2009 R
Fees	1 816 935	995 719

32. Rental of facilities and equipment

Notes to the Annual Financial Statements

	2010 R	2009 R
32. Rental of facilities and equipment (continued)		
Premises		
Premises	348 568	322 494
Theatre hire	8 539	7 934
	357 107	**330 428**
Facilities and equipment		
Rental of facilities	409 575	508 319
Rental of equipment	17 538	24 592
	427 113	**532 911**
	784 220	**863 339**

33. Bulk purchases

	2010 R	2009 R
Electricity	29 807 697	15 661 094
Water	4 758 855	5 354 692
	34 566 552	**21 015 786**

Notes to the Annual Financial Statements

	2010 R	2009 R

34. Cash generated from operations

(Deficit) surplus	(34 342 356)	21 369 425
Adjustments for:		
Depreciation and amortisation	8 881 550	8 505 900
Loss on sale of assets and liabilities	(300)	-
Vaal Water related transaction	(26 830 053)	-
Debt impairment	69 126 391	51 777 480
Movements in provisions	(1 399 234)	(1 734 329)
Changes in working capital:		
Trade and other receivables from exchange transactions	(16 970)	(11 695)
Consumer debtors	(11 142 136)	(35 391 263)
Trade and other payables from exchange transactions	7 905 683	35 684 214
VAT	(5 738 011)	(7 312 167)
Unspent conditional grants (receipts)	5 511 447	1 319 599
Consumer deposits	144 613	2 501 765
Increase in money market investments	4 694 318	(1 743 856)
Non-cashflow items	16 349 698	(2 966 378)
	33 144 640	**71 998 695**

35. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	3 660 111	9 120 101
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	82 699 214	-

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained surpluses, grants form both national and provincial government, assistance from the district municipality, existing cash resources and funds internally generated.

	2010	2009
	R	R

36. Contingencies

Litigation is in the process against the municipality relating to defamation of character by one of the former municpal offcial to the amount of R100,000. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. As such no provision has been made in the financial statements.

The municipality is being being summoned for an amount of R27,645 by one of its service providers. The municpality's attorney believes that the chances of successfully defending the case are good. The only costs likely to be incured are our attorney's legal costs. As such no provision has been made in the financial statements.

A claim of R150,000 was put against the municipality by one one municpal officials who is currently on suspension for defamation of character. The municipality's attorneys and management consider the likelihood of the action against the municipality being successful as unlikely. As such, the only provision made is in relation to the estimated legal costs in defending the case.

Litigation is in the process against the municipality by one of the stakeholders to the amount of R42,828. The matter is being defended and the municipal attorneys are of the view that the case will be succesfully defended. However, provision has been made of the estimated legal costs in defending the case..

Litigation against the municipality by fourteen fromer employees who were dismsissed in the last quarter of 2010 for misconduct. The municipal attorneys could not provide an indication of the likely outcome, apart from the estimated costs to defend the case. Based on the attorney's response, the estimated cost involved in this transaction is R900 000.

The municipality has a number of other cases pending before the courts or CCMA. As at 30 June 2010, the municipality's attorneys could not give a reasonable estimates of the likely outcomes of theses cases. The attorneys however, estimated that the legal fees to be incurred in defending these cases is R786,500.

37. First-time adoption of Generally Recognised Accounting Practices (GRAP)

The municipality has applied GRAP Framework for the first time with effect from 1 July 2009. On principle these standards have been applied retrospectively and the comparative financial statements (30 June 2009) contained in these annual financial statements differ from those published in the annual financial statements published in the prior year as at 30 June 2009. The prior year adjustment has been recognised and adjusted in the accumulated surplus.

The effect of the conversion was as follows.

Reconciliation of balances as at 30 June 2009 (Date of Conversion)

	Note	As reported under IMFO	Restated balances under GRAP	Due to GRAP	Prior Year Errors/Misstatements
Property, plant and equipment		43 944 523	135 324 492	(91 379 696)	-
Investments		1 993 281	-	-	1 993 281
Biological assets		-	2 984 896	(2 984 896)	-
Intangible assets		-	316 300	(316 300)	-
Investment Property		-	3 116 268	(3 116 268)	-
Long term debtors		36 636	-	-	36 636
Deferred Charges		29 600 804	-	29 600 804	-
Total non-current assets		**75 575 244**	**141 741 956**	**(68 196 356)**	**2 029 917**
Trade and other receivables		84 406 882	27 341 525	-	57 065 357
Inventories		5 499 952	-	-	5 499 952
VAT		-	3 421 799	-	(3 421 799)
Short-Term investments		-	605 998	-	(605 998)
Short term portion - Long term debtors		7 251	-	-	7 251
Cash and cash equivalents		9 937	9 937	-	-
Total current assets		**89 924 022**	**31 379 259**	**-**	**58 544 763**

Notes to the Annual Financial Statements

	2010 R	2009 R

37. First-time adoption of Generally Recognised Accounting Practices (GRAP) (continued)

Provision for leave pay	2 750 661	2 750 661	-	-
Finance lease Obligation	-	913 499	(913 499)	-
Provision for land Rehabilitation	-	1 816 048	(1 816 048)	-
Trade and other payables	51 671 546	76 766 697	-	(25 095 151)
Consumer Deposits	-	2 955 650	-	(2 955 650)
Unspent Conditional Grant	-	1 099 147	(1 099 147)	-
Short term potion - long Term Liabilities	2 494 100	38 849 523	-	(36 355 423)
Bank Overdraft	7 086 164	7 104 875	-	(18 711)
Trust Funds	9 411 095	-	9 411 095	-
Long Term Liabilities	56 742 733	19 718 149	-	37 024 584
Finance Lease Obligations	-	1 077 750	(1 077 750)	-
Consumer Deposits - Services	5 196 870	-	-	5 196 870
Total liabilities	**135 353 169**	**153 051 999**	**4 504 651**	**(22 203 481)**
Total assets less total liabilities	**30 146 097**	**20 069 216**	**(72 701 007)**	**82 778 161**
Statutory Funds	30 940 508	-	30 940 508	-
Housing Development Funds	-	(3 052 352)	3 052 352	-
Government Grant Reserve	-	58 042 424	(58 042 424)	-
Reserves	2 217 418	-	2 217 418	-
Accumulated Deficit	(3 011 828)	(34 920 856)	-	31 909 028
Total equity	**30 146 098**	**20 069 216**	**(21 832 146)**	**31 909 028**

Notes

Explain the differences between the previous GAAP and the new IFRS statements for each line item. (Refer to IFRS1 IG for examples)

38. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance. The municipality uses various measures to mitigate certain risk exposures. Risk management is carried out by a the district's shared audit unit under policies approved by the accounting officer. They identify, evaluate and recommends mitigating measures to reduce financial risks in close co-operation with the municipality’s heads of units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as operational risk, interest rate risk, credit risk, and investment of excess liquidity.

Liquidity risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and used as part of managing liquidity.

Risk related to game animals

The municipality is exposed to financial risks arising from changes in game animal prices and loss of the game animals through illegal activities like poaching. The municipality believes that they have more than reasoable control measures in place and does not anticipate that prices for game animals will decline significantly in the foreseeable future. The municipality performs game counts at least once a year and regularly reviews and improves its control measures to safeguard game animals.

	2010 R	2009 R

38. Risk management (continued)
Further, it reviews its outlook for game animal prices regularly.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality’s income and operating cash flows are substantially independent of changes in market interest rates.

The municipality’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain most of its borrowings in variable interest rate instruments. During 2010 and 2009, the municipality’s borrowings at variable rate were denominated in the Rand.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash and invests its excess cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates, reviews and manages consumer debtos accounts on a regular basis. Where consumer debtors are not paying for the services rendered, the municipality's credit control policy is implemented. These measures ranges from disconnections to handing over of the consumer debtors to the municpal attorneys.

39. Going concern

The municipality's current liabilities exceeded its current assets by R96 542 756 (2009: R100 876 841), wrote off debtors amounting to R69 126 391 (2009 : 51,977,480), its accumulated loss decreased marginally from R34 920 856 in 2009 to R32 754 452 and has been experiencing cash flow challenges. This led to a number of significant negative effects such as incurring interest at higher rates on most of its overdue accounts and growth in both the long term and short term interest bearing debt.

The foregoing situation poses greater doubt on the municipality's ability to realise its assets and discharge its liabilities in the normal course of business.

To mitigate this, the municipality has and is in the process of implementing recovery measures. These measures includes revising its costing system, eveloping and implementing revenue enhancement strategies as well as developing and implementing detailed structures for debt collection. This is so because the main causes of the challenges are huge debtors book, costing structures which does not even lead to a break even position, inadequacy of the equitable share, as per the DoRA and lack of refinement of some of the operating systems. It should be noted that the revenue enhancement strategy exercise has already commenced as the Provincial Department of Corporate Government and Traditional Affairs has already engaged consultants to assist the municipality in the development and implementation of revenue enhancement strategies. It should however be noted that the process is not expected to bear fruits within a short term period, as such projects take time to bear the desired results. Other measures are being implemented and most of them would have commenced by the end of the ensuing financial period.

40. Unauthorised expenditure

Although the municipality's overall budget was not exceeded, there were some individual votes which were exceeded. Most of the votes exceeded were non-cash flow related transactions such as depreciation and bad debts written off. As such, the over expenditure did not hae much impact on the municipality's already strained cash flow..

The accounting officer is in the process of seeking council approval for the virement of these expenditures. A presentation will be made to council by the end of the ensuing financial period.

41. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	6 224 403	4 515 099

This mainly relates to interest and penalties on arreas on late payments for SARS, DBSA loan, eskom account and other

	2010 R	2009 R

41. Fruitless and wasteful expenditure (continued)

payables. The late payments are due to the current cashflow challenges being experienced by the municipality. Council approved the condonment of the expenditure.

42. Leases (Effects of transitional provisions)

In accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework, the municipality need not comply with the standard on Leases, until such time as the measurement period in the transitional provision for any of the following Standards of GRAP have expire:

- Construction Contracts
- Inventories
- Investment Property
- Property Plant and Equipments
- Provisions, Contingent Liabilities and Contingent Assets
- Agriculture
- Intangible Assets

43. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

	2010 R	2009 R
Net (deficit) surplus per the statement of financial performance	(34 342 356)	21 369 425
Adjusted for the following differentials		
Depreciation	1 103 550	5 831 900
Bad debts	16 992 189	18 979 625
Accrued amounts	14 637 517	10 412 402
Estimated cost to sell	22 906	-
Provisions and accrued leave pay	7 204 611	-
Fair value adjustments	(1 095 426)	-
Net surplus per approved budget	**4 522 991**	**56 593 352**

44. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

	2010 R	2009 R
Opening balance	2 411 774	1 276 654
Current year fees	2 071 475	1 135 120
Amount paid - current year	(896 256)	-
	3 586 993	**2 411 774**

PAYE and UIF

	2010 R	2009 R
Current year subscription / fee	4 876 644	-

VAT

	2010 R	2009 R
VAT receivable	9 159 810	3 421 799

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2010:

Notes to the Annual Financial Statements

	2010 R	2009 R

44. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2010	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Dr. Ruth Mompati	2 274	26 262	28 536
Danie Van Tonder	8 677	203	8 880
Kegakilwe	1 135	-	1 135
Pretorius M. C	1 929	-	1 929
Beng	1 562	-	1 562
Adonis	143	-	143
Du Plessis	1 106	-	1 106
Diedericks	1 022	-	1 022
	17 848	**26 465**	**44 313**

45. Utilisation of Long-term liabilities reconciliation

	2010 R	2009 R
Long-term liabilities raised	64 572 871	58 567 672
Used to finance property, plant and equipment	(64 572 871)	(58 567 672)
	-	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

APPENDIX A

June 2010

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

	Loan Number	Redeemable	Balance at 30 June 2009 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2010 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
LOAN STOCK								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
STRUCTURED LOANS								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
FUNDING FACILITY								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
DEVELOPMENT BANK OF SOUTH AFRICA								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
BONDS								
			-	-	-	-	-	-

APPENDIX A
June 2010

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

	Loan Number	Redeemable	Balance at 30 June 2009 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2010 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
OTHER LOANS								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
LEASE LIABILITY								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
ANNUITY LOANS								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
GOVERNMENT LOANS								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-

APPENDIX A
June 2010

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

Loan Number	Redeemable	Balance at 30 June 2009 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2010 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		-	**-**	**-**	**-**	**-**	**-**
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
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		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
		-	-	-	-	-	-
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		-	**-**	**-**	**-**	**-**	**-**
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		-	**-**	**-**	**-**	**-**	**-**
		-	-	-	-	-	-

APPENDIX A
June 2010

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

	Loan Number	Redeemable	Balance at 30 June 2009 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2010 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
TOTAL EXTERNAL LOANS								
LOAN STOCK			-	-	-	-	-	-
STRUCTURED LOANS			-	-	-	-	-	-
FUNDING FACILITY			-	-	-	-	-	-
DEVELOPMENT BANK OF SOUTH AFRICA			-	-	-	-	-	-
BONDS			-	-	-	-	-	-
OTHER LOANS			-	-	-	-	-	-
LEASE LIABILITY			-	-	-	-	-	-
ANNUITY LOANS			-	-	-	-	-	-
GOVERNMENT LOANS			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**

Supplementary Information

Appendix B: Analysis of property, plant and equipment

APPENDIX B for the period ended 30 June 2010
June 2010

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

		Cost/Revaluation													Accumulated depreciation			
		Opening Balance Rand	Additions Rand	Additions through business combinations Rand	Disposals Rand	Classified as held for sale Rand	Transfers Rand	Revaluations Rand	Foreign exchange movements Rand	Other changes, movements Rand	Depreciation Rand	Impairment loss Rand	Impairment reversal Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Additions through business combinations Rand	Dis
	Land and buildings																	
1.1.1300.0105.'	Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0105.'	Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0105.'	Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0105.'	Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Infrastructure																	
1.1.1300.0101.(	Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0101.(	Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0102.(	Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0102.(	Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0102.(	Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0103.(	Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0103.(	Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0103.(	Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0104.(	Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0104.(	Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0105.(	Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0105.'	Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0105.'	Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.0105.'	Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Community Assets																	
1.1.1300.1400.'	Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.'	Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.'	Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.'	Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.'	Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.'	Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.:	Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.:	Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.:	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.:	Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.:	Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.:	Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.:	Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.1400.:	Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Heritage assets																	

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Code	Item	Cost/Revaluation													Accumulated depreciation			
		Opening Balance Rand	Additions Rand	Additions through business combinations Rand	Disposals Rand	Classified as held for sale Rand	Transfers Rand	Revaluations Rand	Foreign exchange movements Rand	Other changes, movements Rand	Depreciation Rand	Impairment loss Rand	Impairment reversal Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Additions through business combinations Rand	Dis
1.1.1300.2310.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2310.	Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Specialised vehicles																	
1.1.1300.3400.	Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.3400.	Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.3400.	Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.3400.	Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.3400.	Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Other assets																	
1.1.1300.2400.	General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1300.2400.	Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Total property plant and equipment																	
	Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Undefined Difference:													(277 628)				
	Agricultural/Biological assets																	
1.1.1301.0000.(	Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1302.0000.(	Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation													Accumulated depreciation			
	Opening Balance Rand	Additions Rand	Additions through business combinations Rand	Disposals Rand	Classified as held for sale Rand	Transfers Rand	Revaluations Rand	Foreign exchange movements Rand	Other changes, movements Rand	Depreciation Rand	Impairment loss Rand	Impairment reversal Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Additions through business combinations Rand	Dis
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Intangible assets																	
1.1.1303.0000.(Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1.1.1303.0000.(Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Undefined Difference:													(518)				
Investment properties																	
1.1.1304.0000.(Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total																	
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Cost/Revaluation													Accumulated depreciation			
Opening Balance	Additions	Additions through business combinations	Disposals	Classified as held for sale	Transfers	Revaluations	Foreign exchange movements	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Closing Balance	Opening Balance	Additions	Additions through business combinations	Dis
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	

Supplementary Information

Appendix C: Segmental analysis of property, plant and equipment

APPENDIX C for the period ended 30 June 2010
Sort Rows by Mapping Numbers
June 2010

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Additions through business combinations Rand	Disposals Rand	Classified as held for sale Rand	Transfers Rand	Revaluations Rand	Foreign exchange movements Rand	Other changes, movements Rand	Depreciation Rand	Impairment deficit Rand	Impairment reversal Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Additions through business combinations Rand	Disposals Rand	Clas held
Municipality																		
Executive & Council/Mayor and Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance & Admin/Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Planning and Development/Economic Development/Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health/Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Comm. & Social/Libraries and archives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public Safety/Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Environmental Protection/Pollution Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste Water Management/Sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Road Transport/Roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Electricity /Electricity Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other/Air Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Undefined Difference:													**(277 628)**					
Municipal Owned Entities																		
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SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

													Accumulated Depreciation					
	Opening Balance	Additions	Additions through business combinations	Disposals	Classified as held for sale	Transfers	Revaluations	Foreign exchange movements	Other changes, movements	Depreciation	Impairment deficit	Impairment reversal	Closing Balance	Opening Balance	Additions	Additions through business combinations	Disposals	Clas held
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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Total																		
Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Municipal Owned Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Accumulated Depreciation

Opening Balance Rand	Additions Rand	Additions through business combinations Rand	Disposals Rand	Classified as held for sale Rand	Transfers Rand	Revaluations Rand	Foreign exchange movements Rand	Other changes, movements Rand	Depreciation Rand	Impairment deficit Rand	Impairment reversal Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Additions through business combinations Rand	Disposals Rand	Clas held
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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Supplementary Information

Appendix D: Segmental Statement of Financial Performance

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED

Prior Year				Current Year		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**		**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
-	-	-	Executive & Council/Mayor and Council	-	-	-
-	-	-	Finance & Admin/Finance	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
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-	-	-		-	-	-
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			Municipal Owned Entities			
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SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED

Prior Year				Current Year		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**	**Rand**	**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
-	-	-		-	-	-
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
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-	-	-		-	-	-
-	-	-		-	-	-
-	-	-	Municipal Ownered Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED

Prior Year				Current Year		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**	**Rand**	**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**	**Total**	**-**	**-**	**-**

Supplementary Information

Appendix E(1): Actual versus Budget (Revenue and Expenditure)

Can't Show logo.bmp

APPENDIX E(1) for the ended 30 June 2010

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

Current year 2010 Act. Bal. R'000	Current year 2010 Bud. Amt R'000	Variance R'000	Var	Prior Year # 1 2009 Forecast Amt R'000	Variance R'000	Var		Prior Year # 1 2009 Act. Bal. R'000	Prior Year # 1 2009 Bud. Amt R'000	Variance R'000	Var	Current year 2010 Forecast Amt R'000	Variance R'000	Var	Budget Remaining R'000	Current year 2010 Bud. Amt R'000
							Revenue									
-	-	-	-	-	-	-	Sale of goods	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Sale of goods in agricultural activities	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Rendering of services	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Rendering of services in agricultural activities	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Property rates	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Service charges	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Levies	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Property rates - penalties imposed and collection charges	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Sales of housing	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Construction contracts	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Royalty income	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Rental of facilities and equipment	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Interest received (trading)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Dividends received	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Income from agency services	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Public contributions and donations	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Fines	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Licences and permits	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Government grants & subsidies	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Municipal Revenue UD1	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Municipal Revenue UD2	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Revenue 1	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Revenue 2	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Miscellaneous other revenue	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Administration and management fees received	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Fees earned	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Commissions received	-	-	-	-	-	-	-	-	-

APPENDIX E(1) for the ended 30 June 2010

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

Current year 2010 Act. Bal.	Current year 2010 Bud. Amt	Variance		Prior Year # 1 2009 Forecast Amt	Variance			Prior Year # 1 2009 Act. Bal.	Prior Year # 1 2009 Bud. Amt	Variance		Current year 2010 Forecast Amt	Variance		Budget Remaining	Current year 2010 Bud. Amt
-	-	-	-	-	-	-	Royalties received	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Rental income	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Discount received	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Recoveries	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other income 1	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other income 2	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other income 3	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other income	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other farming income 1	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other farming income 2	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other farming income 3	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other farming income 4	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other farming income	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Government grants	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Interest received - investment	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Interest received - other	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Dividends received	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
							Expenses									
-	-	-	-	-	-	-	Personnel	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Remuneration of councillors	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Administration	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Transfer payments	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Depreciation	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Impairment	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Amortisation	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Impairments	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Reversal of impairments	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Finance costs	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Debt impairment	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Collection costs	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Repairs and maintenance - Manufacturing expenses	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Repairs and maintenance - General	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Repairs and maintenance - General	-	-	-	-	-	-	-	-	-

APPENDIX E(1) for the ended 30 June 2010

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

Current year 2010 Act. Bal.	Current year 2010 Bud. Amt	Variance		Prior Year # 1 2009 Forecast Amt	Variance			Prior Year # 1 2009 Act. Bal.	Prior Year # 1 2009 Bud. Amt	Variance		Current year 2010 Forecast Amt	Variance		Budget Remaining	Current year 2010 Bud. Amt
-	-	-	-	-	-	-	Bulk purchases	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Contracted Services	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Grants and subsidies paid	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Cost of housing sold	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Expenses (by function)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other (taken out of General expenses)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other (taken out of General expenses)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other (taken out of General expenses)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other (taken out of General expenses)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other (taken out of General expenses)	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Operating profit	-	-	-	-	-	-	-	-	-
							Other revenue and costs									
-	-	-	-	-	-	-	Gain on disposal of assets and liabilities	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Deficit on foreign exchange	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Fair value adjustments	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Gains or losses on biological assets and agricultural produce	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Income from equity accounted investments	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Profit and loss on sale of non-current assets held for sale and net assets of disposal groups	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Taxation	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Discontinued operations	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
							Net surplus/ (deficit) for the year									
-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-

APPENDIX E(1) for the ended 30 June 2010

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

Current year 2010 Act. Bal.	Current year 2010 Bud. Amt	Variance		Prior Year # 1 2009 Forecast Amt	Variance	

Prior Year # 1 2009 Act. Bal.	Prior Year # 1 2009 Bud. Amt	Variance		Current year 2010 Forecast Amt	Variance		Budget Remaining	Current year 2010 Bud. Amt

Supplementary Information

Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)

BUDGET ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

		Additions Rand	Original Budget Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
	Land and buildings						
1.1.1300.0105.´	Land (Separate for AFS purposes)	-	-	-	-	-	
1.1.1300.0105.´	Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	
1.1.1300.0105.´	Quarries (Separate for AFS purposes)	-	-	-	-	-	
1.1.1300.0105.´	Buildings (Separate for AFS purposes)	-	-	-	-	-	
		-	-	-	-	-	
	Undefined Difference:						
	Infrastructure						
1.1.1300.0101.(	Roads, Pavements & Bridges	-	-	-	-	-	
1.1.1300.0101.(	Storm water	-	-	-	-	-	
1.1.1300.0102.(	Generation	-	-	-	-	-	
1.1.1300.0102.(	Transmission & Reticulation	-	-	-	-	-	
1.1.1300.0102.(	Street lighting	-	-	-	-	-	
1.1.1300.0103.(	Dams & Reservoirs	-	-	-	-	-	
1.1.1300.0103.(	Water purification	-	-	-	-	-	
1.1.1300.0103.(	Reticulation	-	-	-	-	-	
1.1.1300.0104.(	Reticulation	-	-	-	-	-	
1.1.1300.0104.(	Sewerage purification	-	-	-	-	-	
1.1.1300.0105.(	Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	
1.1.1300.0105.´	Waste Management	-	-	-	-	-	
1.1.1300.0105.´	Gas	-	-	-	-	-	
1.1.1300.0105.´	Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	
		-	-	-	-	-	
	Undefined Difference:						
	Community Assets						
1.1.1300.1400.´	Parks & gardens	-	-	-	-	-	
1.1.1300.1400.´	Sportsfields and stadium	-	-	-	-	-	
1.1.1300.1400.´	Swimming pools	-	-	-	-	-	
1.1.1300.1400.´	Community halls	-	-	-	-	-	
1.1.1300.1400.´	Libraries	-	-	-	-	-	
1.1.1300.1400.´	Recreational facilities	-	-	-	-	-	
1.1.1300.1400.2	Clinics	-	-	-	-	-	
1.1.1300.1400.2	Museums & art galleries	-	-	-	-	-	
1.1.1300.1400.2	Other	-	-	-	-	-	
1.1.1300.1400.2	Social rental housing	-	-	-	-	-	
1.1.1300.1400.2	Cemeteries	-	-	-	-	-	
1.1.1300.1400.2	Fire, safety & emergency	-	-	-	-	-	
1.1.1300.1400.2	Security and policing	-	-	-	-	-	
1.1.1300.1400.2	Buses	-	-	-	-	-	
		-	-	-	-	-	
	Heritage assets						
1.1.1300.2310.2	Other	-	-	-	-	-	
1.1.1300.2310.2	Buildings	-	-	-	-	-	

BUDGET ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

		Additions Rand	Original Budget Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
		-	-	-	-	-	
	Specialised vehicles						
1.1.1300.3400.3	Refuse	-	-	-	-	-	
1.1.1300.3400.3	Fire	-	-	-	-	-	
1.1.1300.3400.3	Conservancy	-	-	-	-	-	
1.1.1300.3400.3	Ambulances	-	-	-	-	-	
1.1.1300.3400.3	Buses	-	-	-	-	-	
		-	-	-	-	-	
	Other assets						
1.1.1300.2400.2	General vehicles	-	-	-	-	-	
1.1.1300.2400.2	Plant & equipment	-	-	-	-	-	
1.1.1300.2400.2	Computer Equipment	-	-	-	-	-	
1.1.1300.2400.2	Computer Software (part of computer equipment)	-	-	-	-	-	
1.1.1300.2400.2	Furniture & Fittings	-	-	-	-	-	
1.1.1300.2400.2	Office Equipment	-	-	-	-	-	
1.1.1300.2400.2	Office Equipment - Leased	-	-	-	-	-	
1.1.1300.2400.2	Abattoirs	-	-	-	-	-	
1.1.1300.2400.2	Markets	-	-	-	-	-	
1.1.1300.2400.3	Airports	-	-	-	-	-	
1.1.1300.2400.3	Security measures	-	-	-	-	-	
1.1.1300.2400.3	Civic land and buildings	-	-	-	-	-	
1.1.1300.2400.3	Other buildings	-	-	-	-	-	
1.1.1300.2400.3	Other land	-	-	-	-	-	
1.1.1300.2400.3	Bins and Containers	-	-	-	-	-	
1.1.1300.2400.3	Work in progress	-	-	-	-	-	
1.1.1300.2400.3	Other	-	-	-	-	-	
1.1.1300.2400.3	Other Assets - Leased	-	-	-	-	-	
		-	-	-	-	-	
	Agricultural/Biological assets						
1.1.1301.0000.0	Agricultural	-	-	-	-	-	
1.1.1302.0000.0	Biological assets	-	-	-	-	-	
		-	-	-	-	-	
	Intangible assets						
1.1.1303.0000.0	Other	-	-	-	-	-	
1.1.1303.0000.0	Computers - software & programming	-	-	-	-	-	
		-	-	-	-	-	
	Investment properties						
1.1.1304.0000.0	Investment property	-	-	-	-	-	
		-	-	-	-	-	
	Total						

BUDGET ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Additions Rand	Original Budget Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Land and buildings	-	-	-	-	-	
Infrastructure	-	-	-	-	-	
Community Assets	-	-	-	-	-	
Heritage assets	-	-	-	-	-	
Specialised vehicles	-	-	-	-	-	
Other assets	-	-	-	-	-	
	-	-	-	-	-	
Intangible assets	-	-	-	-	-	
Investment properties	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	**-**	**-**	**-**	**-**	

Supplementary Information

Appendix F: Disclosure of grants and subsidies in terms of the Municipal Finance Management Act

APPENDIX F for the ended 30 June 2010

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

June 2010

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar		Yes/ No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Supplementary Information

Appendix G: Bank and Cash balances

APPENDIX F for the ended 30 June 2010
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
June 2010

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar		Yes/ No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Supplementary Information

Appendix H: Directors remuneration

APPENDIX F for the ended 30 June 2010

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

June 2010

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar		Yes/ No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.